## Message Text

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USEEC, MTN

E.O. 11652: N/A

TAGS: ETRD, MTN, GATT

SUBJECT: FEBRUARY CG-18 MEETING

REF: GENEVA 12576

1. USG HAS BEEN CONCERNED FOR SOME TIME WITH SENSE OF DRIFT AND LACK OF DIRECTION WHICH HAS CHARACTERIZED CG-18. WE VIEW WEAKNESS AS STEMMING FROM (A) FOCUS OF CURRENT GATT ACTIVITIES ON MTN (B) LACK OF CLEARLY DEFINED ROLE FOR CG-18 IN MTN AND POST-MTN PERIODS LIMITED OFFICIAL USE

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- (C) MANAGEMENT OF CG-18 BY DG LONG.
- 2. WE BELIEVE THAT SMALL STEP TOWARD BREATHING LIFE INTO CG-18 MAY BE POSSIBLE BY ADVANCE CONSULTATION WITH EC-AND POSSIBLY BRAZIL AND JAPAN-IN WORKING OUT COMMON APPROACH TO CG-18 AGENDA ITEMS. WE WOULD HOPE THAT THESE CONSULTATIONS WILL RESULT IN CG-18 MEETING WHICH WOULD

AT LEAST GIVE APPEARANCE OF STIMULATING MOVEMENT ON STICKY MTN ISSUES - BOP AND DISPUTE SETTLEMENT-AS WELL AS SEEK AGREEMENT ON STRENGTHENED ROLE FOR CG-18 NOW AND IN POST MTN PERIOD.

3. FOLLOWING IS OUR VIEW ON APPROACH TO AGENDA ITEMS.
(A) BOP - BOTH DC AND LDC MTN PARTICIPANTS HAVE INTEREST

IN THIS ISSUE, CURRENTLY UNDER DISCUSSION IN MTN FRAMEWORK GROUP (FG). MAJOR OBSTACLE TO PROGRESS IN FG FORUM HAS BEEN EC RESISTANCE TO DO ANYTHING ON DC ASPECT OF THIS QUESTION. USG NOW PREPARING REVISED BOP PROPOSALS. WE WOULD SEEK INFORMAL EC AGREEMENT TO MOVE ON THE BOP ISSUE (INCLUDING DC ASPECTS) AND THEN COULD SEEK CG-18 DECISION TO REFER BOP ITEM TO FG FOR FURTHER NEGOTIATIONS.

(B) DISPUTE SETTLEMENT - THE EC WAS CAREFUL TO ENSURE THAT THIS ITEM REMAIN ON THE CG-18 AGENDA, PRESUMABLY BECAUSE IT INTENDS TO EXPAND UPON REMARKS AT LAST MEETING. DISCUSSION OF THIS ISSUE IN THE CG-18 IS CLOSELY RELATED TO DISCUSSION OF IT IN THE MTN. HOPEFULLY WE CAN AGREE (1) THAT DISPUTE SETTLEMENT IS A PRIORITY ISSUE AND (2) THAT THE U.S., THE EC AND OTHER INTERESTED COUNTRIES WILL BEGIN INTENSIVE CONSULTATIONS IN GENEVA ON AN INFORMAL BASIS TO DEVELOP A CONSENSUS ON DISPUTE LIMITED OFFICIAL USE

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SETTLEMENT. THERE COULD BE AGREEMENT TO REPORT ANY PROGRESS MADE AT THE NEXT CG-18 MEETING (BEARING IN MIND THAT THE CONSULTATIONS WILL ALSO SERVE TO ADVANCE CONSIDERATION OF THE ISSUE IN THE MTN).

- (C) CURRENT DEVELOPMENTS IN WORLD TRADE THE RECENT GATT STUDY ON PROTECTION AND THE SECRETARIAT'S PROPOSALS TO IMPROVE THE GATT MONITORING OF RESTRICTIVE TRADE ACTIONS WILL BE DISCUSSED UNDER THIS ITEM (REFTEL).

  WE HAVE, BY LETTER, SUPPORTED THE SECRETARIAT INITIATIVE IN PRINCIPLE AND WE HAVE PROPOSED THAT THE TUMLIR PAPER BE A BASIS FOR DISCUSSION IN THIS CG-18 MEETING.

  WE WOULD SEEK TO WORK OUT WITH THE EC IN SOME DETAIL HOW SECRETARIAT MONITORING COULD BE MOST EFFECTIVE AND HOW CG-18 CAN RESIST USE OF PROTECTIONISM.
- 4. ACTION REQUESTED PLEASE APPROACH EC REPS TO CG-18 (PROBABLY DENMAN) TO DETERMINE WHETHER THEY HAVE ANY INTEREST IN A US-EC EFFORT TO GIVE THE CG-18 A BETTER SENSE OF DIRECTION. IN DISCUSSING THE ISSUE, YOU MAY DRAW ON SUGGESTED APPROACH FOR AGENDA ITEMS. YOU SHOULD ALSO SUGGEST WOLFF-DENMAN DISCUSSION OF THE

PROBLEM IN GENEVA ON JANUARY 24 (AT THAT TIME OTHERS - E.G. JAPAN, BRAZIL, MIGHT USEFULLY PARTICIPATE).

WE ARE PREPARED TO SEND REPRESENTATIVES TO BRUSSELS

TO PREARRANGE DETAILS ON ANY OR ALL ISSUES IF THE

EC THINKS THAT IT WOULD BE USEFUL TO DO SO. CHRISTOPHER

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